

Message Text

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PAGE 01 TEHRAN 04080 010829Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 L-03 H-01 NSC-05
SS-15 STR-07 CEA-01 PA-01 DOTE-00 /094 W
-----122406 010832Z /10
R 301055Z APR 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 8072

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C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A
TAGS: ELTN, BDIS, EINV, IR
SUBJ: FUTURE OF GM IN IRAN: GM PRESIDENT ESTES
MEETING WITH SHAH

1. GM REPS HAVE GIVEN EMBASSY SUMMARY OF GM PRESIDENT'S
MEETING WITH SHAH ON APRIL 27, WHICH THEY DESCRIBE AS
HAVING GONE "VERY WELL." GM PRESIDENT ESTES BELIEVES
THAT COMPANY "WON NO GREAT LASTING VICTORY" BUT BELIEVES
SITUATION RE ITS IRANIAN JOINT VENTURE IS MUCH IMPROVED
AS CONSEQUENCE OF HIS VISIT AND AUDIENCE.

2. FOLLOWING ARE PRINCIPAL POINTS TOUCHED UPON IN
DISCUSSION ALONG WITH GM TEHRAN REP VANGE'S ASSESSMENT
OF THE NEXT STEPS.

3. GM PRESIDENT OUTLINED TO SHAH MANUFACTURING
PROPOSAL WHICH WOULD REQUIRE DOLLARS 190 MILLION
INVESTMENT AND WOULD HAVE FOLLOWING PRINCIPAL FEATURES:
(A) PHASE ASSEMBLY-MANUFACTURING PROPOSAL INVOLVING
TWO MODELS: (B) ONE HUNDRED PERCENT LOCAL CONTENT
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PAGE 02 TEHRAN 04080 010829Z

ENTIRELY FEASIBLE ASSUMING MINIMUM PRODUCT LINE
OUTPUT OF 200,000 PASSENGER CARS PER YEAR; (C)
MANAGEMENT CONTROL WITH EITHER GM OR WITH IRANIAN
PARTNERS AT OPTION OF GOI. PRESIDENT ESTES EMPHASIZED
THAT HIS PROPOSAL WAS STRICTLY GM OF U.S. PROPOSAL
AND THAT THE TWO IRANIAN PARTNERS IN GM-IRAN (PAHLAVI
FOUNDATION; MR. JAFAR AKHAVAN) HAD NOT YET BEEN

CONSULTED. SHAH APPARENTLY PRONOUNCED HIMSELF
SATISFIED WITH GENERAL OUTLINE OF MR. ESTES'S
PROPOSAL.

4. ON SUBJECT OF MANAGEMENT CONTROL, MR. ESTES
INDICATED THAT GM WOULD BE WILLING TO CONTINUE ON IN
A CONSULTATIVE CAPACITY (I.E., WITHOUT MANAGEMENT
CONTROL) BUT DID ASK THE SHAH WHETHER GOI WOULD PERMIT
GM MANAGEMENT CONTRROL IF THIS SEEMS THE BEST COURSE
OF ACTION FOR ALL CONCERNED. SHAH REPLIED: "YES,
YOU CAN HAVE MANAGEMENT CONTROL IF YOU WANT IT."

5. ESTES PROMISED TO PUT GM PROPOSAL IN WRITING
AND SEND IT TO SHAH.

6. VANGE SPECULATES THAT THE TWO IRANIAN PARTNERS
IN THE VENTURE MAY NOT BE ALL THAT ANXIOUS TO EMBARK
ON MANUFACTURING PROGRAM INVOLVING NEARLY DOLLARS TWO
HUNDRED MILLION. IN ANY EVENT, PARTNERS HAVE PROMISED
TO INFORM GM HEADQUARTERS IN DETROIT BY TELEX OF THEIR
VIEWS ON THE PROPOSAL.

7. FYI: ESTES TOLD AMBASSADOR IN MEETING BEFORE HIS
AUDIENCE WITH SHAH THAT IT IS GM POLICY WORLD WIDE
TO RAISE CAPITAL FOR EXPANSION PROGRAMS EXCLUSIVELY
IN HOST COUNTRY. WE ARE POUCHING COPY OF MEMCON THIS
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PAGE 03 TEHRAN 04080 010829Z

CONVERSATION.
SULLIVAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, NEGOTIATIONS, FOREIGN INVESTMENTS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TEHRAN04080
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780188-1190, D780185-0247
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978041/aaaaaaar.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6432b2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2811122
Secure: OPEN
Status: NATIVE
Subject: FUTURE OF GM IN IRAN: GM PRESIDENT ESTES MEETING WITH SHAH
TAGS: ELTN, BDIS, EINV, IR, GENERAL MOTORS
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/6432b2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014